



P.O. Box 650293  
Dallas, TX 75265-0293  
(877) TRAVCAT (872-8228)

CHAN SOON-SHIONG MEDICAL  
CENTER AT WINDBER (AS PER IL T8 00)  
600 SOMERSET AVENUE  
WINDBER, PA 15963

4/16/2020

<b>Insured:</b>	CHAN SOON-SHIONG MEDICAL CENTER AT WINDBER (AS PER IL T8 00)
<b>Policy #:</b>	PJ630-4C211340
<b>Claim/File#:</b>	DHQ0540001H
<b>Date of Loss:</b>	4/6/2020
<b>Underwriting Company:</b>	TRAVELERS PROPERTY CASUALTY COMPANY OF AMERICA

Dear Mrs. Brock,

This letter will follow our recent discussion regarding the above-referenced claim. After reviewing the terms of your policy and the information you have provided, Travelers Property Casualty Company of America (Travelers) has determined that there is no coverage for your Business Income claim. The reasons for our conclusion are set forth below.

### **The Loss**

You presented a claim for loss of income due to fewer surgeries being performed. You indicated the reduction in surgeries is the result of the COVID-19 virus – either due to concern from potential patients about contracting COVID-19 or because of measures that officials put in place to help slow the spread of the virus. You further informed us that as of the time you reported this loss your business was still open and that your business property has not sustained any damage.

### **Business Income Coverage**

Your policy contains Business Income (and Extra Expense) coverage that applies under certain circumstances. (DELUXE BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM, DX T1 01 11 12). As the policy states on page 1, Business Income coverage is provided “at premises which are described in the Declarations and for which a Business Income and Extra Expense Limit of Insurance is shown in the Declarations.” We will pay for “the actual loss of Business Income you sustain due to the necessary ‘suspension’ of your operations during the ‘period of restoration’”. The ‘suspension’ must be caused by direct physical loss of or damage to property at the premises which are described in the Declarations and for which a Business Income and Extra Expense Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss.” The policy further provides that Covered Causes of Loss means “RISKS OF DIRECT PHYSICAL LOSS” that are not otherwise limited or excluded.

Because there was no direct physical loss or damage at the described premises, per the IL T0 03 04 96 location schedule on your policy, this Business Income and Extra Expense coverage does not apply to your loss.

### Civil Authority Coverage

Your policy also contains Civil Authority coverage. This coverage is set forth on pages 2-3 of the Deluxe Business Income (And Extra Expense) Coverage Form (DX T1 01 11 12) and provides in pertinent part:

#### 4. Additional Coverages

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##### c. Civil Authority

(1) When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and the actual Extra Expense you incur caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

- (a) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than 100 miles from the damaged property; and
- (b) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

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As set forth above, there are four primary elements, *each of which* must be satisfied, in order for Civil Authority coverage to apply. We will address those elements as they relate to your claim:

1. **A civil authority must *prohibit* access to the described premises:** Access to your premises has not been prohibited.
2. **The prohibited access to the described premises must be in response to dangerous physical conditions resulting from off-premises damaged property or continuation of the Covered Cause of Loss that caused that damage, or to enable a civil authority to have unimpeded access to that damaged property:** The civil authority order that is affecting your business was not issued due to damaged property off-premises. Rather, the order was issued to slow the spread of COVID-19.
3. **The damage to property must be caused by or resulting from a Covered Cause of Loss:** As will be explained below, loss or damage caused by or resulting from any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease is not a Covered Cause of Loss.
4. **Access to the area immediately surrounding the off-premises damaged property must also be prohibited as a result of the damage, and the described premises must be within that area,**

**but not more than 100 miles from the damage:** There was no order prohibiting access due to loss or damage to off-premises property.

Therefore, because all the requirements that are necessary for Civil Authority coverage are not present in your claim, this coverage does not apply.

### **Ingress or Egress Coverage**

The policy also provides the following Coverage Extension:

#### **5. Coverage Extensions**

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##### **b. Ingress or Egress**

**(1)** You may extend the insurance provided by this Coverage Form for:

**(a)** The actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration"; and

**(b)** The actual Extra Expense you incur during the "period of restoration";

to apply to the actual amount of such loss of Business Income and Extra Expense that you incur when ingress to or egress from the described premises is prevented (other than as provided in the Civil Authority Additional Coverage).

**(2)** The prevention of ingress to or egress from the described premises must be caused by direct physical loss or damage by a Covered Cause of Loss to property that is away from, but within 1 mile of the described premises, unless a different number of miles is shown in the Declarations. This coverage will apply for up to 30 consecutive days from the date when the ingress or egress is first prevented.

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There is no Ingress or Egress coverage for your loss because ingress or egress to your establishment has not been prevented. Additionally, there is no direct physical loss or damage by a Covered Cause of Loss to property that is away from your premises.

### **Policy Exclusions**

Even if there had been qualifying direct physical loss or damage at the described premises or at a qualifying location for Civil Authority or Ingress or Egress coverage, such loss or damage if caused by COVID-19 would not have been caused by a Covered Cause of Loss due to the below cited exclusions.

Your DELUXE PROPERTY COVERAGE FORM (DX T1 00 11 12) contains the following exclusions:

#### **C. EXCLUSIONS**

- 1.** We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage. Exclusions **C.1.a.** through **C.1.l.**

apply whether or not the loss event results in widespread damage or affects a substantial area.

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**j. Virus or Bacteria**

(1) Any virus, bacterium, or other microorganism that induces or is capable of inducing physical distress, illness or disease.

(2) With respect to any loss or damage subject to this exclusion, this exclusion supersedes any exclusion relating to "pollutants".

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**2. We will not pay for loss or damage caused by or resulting from any of the following:**

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**b. Consequential Loss**

(1) Delay, loss of use or loss of market; or

(2) Loss of business income or extra expense except as specifically provided in this Coverage Part.

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**i. Other Types of Losses**

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(7) The following causes of loss to personal property:

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(d) Contamination by other than "pollutants";...

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**3. We will not pay for loss or damage caused by or resulting from any of the following, 3.a. through 3.c.**

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**b.** Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

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I further direct your attention to the endorsement titled "Exclusion of Loss Due to Virus or Bacteria" (IL T3 82 05 13), which provides in pertinent part:

**A.** The exclusion set forth in Paragraph **B.** applies to all coverage under all forms and endorsements that comprise this Coverage Part or Policy, including but not limited to forms or endorsements that cover property damage to buildings or personal

property and forms or endorsements that cover business income, extra expense, rental value or action of civil authority.

- B. We will not pay for loss or damage caused by or resulting from any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.

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Because the policy excludes loss or damage caused by or resulting from any virus, which includes the COVID-19 virus, your business income loss is not covered. Additionally, to the extent that you seek coverage for Business Income losses that are caused by or resulting from “loss of use or loss of market”, “contamination by other than ‘pollutants’”, and/or “acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body”, there is no coverage for your loss.

Please note that there may be other terms and conditions that apply to this loss. Nothing in this letter shall, nor is it intended to, waive any policy terms or conditions that Travelers determines are now or in the future will be relevant to this claim and expressly reserves the right to deny coverage for any valid reason under the policy or at law.

This decision is based on the currently known information. If you are aware of any new or different information or documentation that might lead us to reconsider our decision, please contact me immediately.

Please review the Legal Action Against Us condition within your policy, as it contains important information about the period of time in which you may bring legal action. Enclosed with this letter are additional disclosures that may be required in your jurisdiction.

Although we regret that we were unable to be of additional assistance to you, we hope that this letter provides you with a clear understanding of the basis for our conclusion that this loss is not covered.

If you have any questions, please contact us at 1-877-872-8228 or [NCCenter@travelers.com](mailto:NCCenter@travelers.com).

Sincerely,

Matt Enerle

**Phone:** (877) 872-8228 Ext: 8022

**Fax:** (800) 688-1493

**Email:** [nccenter@travelers.com](mailto:nccenter@travelers.com)

CC: Seubert & Associates Inc.

Enclosure

## STATE DISCLOSURES

**California**

The State of California requires us to provide the following information.

- Subrogation: We will not pursue recovery of the damages from any parties that may be responsible for the claimed loss - pursuing this would be your responsibility.
- If you believe all or part of the claim has been wrongfully denied or rejected, you may have your claim reviewed by the California Department of Insurance, Consumer Services Division, 300 South Spring Street, South Tower, Los Angeles, CA 90013, (800-927-4357).
- Suit Limitation: Please review the Legal Action Against Us condition which can be found in the **DELUXE PROPERTY COVERAGE FORM (DX T1 00 11 12), page number 34**. This condition states, in part, that the time limit for bringing action is 2 years after the date of loss.

Please note the time between the date this claim was reported to us and the date of a denial of coverage is not included in the Suit Limitation period. Please understand that we cannot give advice regarding your legal rights. If you have questions regarding the time within which a lawsuit may be brought against us, or any other questions about legal rights regarding the policy or this claim, you may wish to seek legal counsel at your own expense.

**Connecticut**

The State of Connecticut requires us to provide the following information.

Suit Limitation: Please review the Legal Action Against Us condition, which can be found in the **DELUXE PROPERTY COVERAGE FORM (DX T1 00 11 12), page number 34**. This condition states in part that the time limit for bringing action is **2 years** after the date of loss.

Please note that if your claimed loss occurred over a period of time rather than on one specific date, the "date of loss" for purposes of the Suit Against Us provision may not be the date of loss that may be shown on correspondence you receive from us regarding your claim.

Also, please understand that we cannot give advice regarding your legal rights. If you have questions regarding the time within which a lawsuit may be brought against us or any other questions about legal rights regarding the policy or your claim, you may wish to seek legal counsel at your own expense.

If you do not agree with this decision, you may contact the Division of Consumer Affairs within the Insurance Department at the Connecticut Insurance Department, Consumer Affairs Division, P.O. Box 816, Hartford, CT 06142-0816 or by telephone: (800) 203-3447 (Connecticut only); (860) 297-3900 (Hartford area or outside of Connecticut). You may contact the Division by e-mail at [ctinsdept.consumeraffairs@po.state.ct.us](mailto:ctinsdept.consumeraffairs@po.state.ct.us).

**Illinois**

The State of Illinois requires us to provide the following information.

Part 919 of the Rules of the Illinois Department of Insurance requires that our company advise you that, if you wish to take this matter up with the Illinois Department of Insurance, it maintains a Consumer Division in Chicago at 122 S. Michigan Ave., 19th Floor, Chicago, Illinois 60603 and in Springfield at 320 West Washington Street, Springfield, Illinois 62767.

**Maryland**

The State of Maryland requires us to provide the following information.

Having received notice of your claim, we are required by Maryland law to advise you there may be a statute of limitations applicable to claims arising out of the insurance contract. Other states laws where applicable may vary.

**Nebraska**

The State of Nebraska requires us to provide the following information.

We are also required to advise you that you may have your claim reviewed by the Nebraska Department of Insurance at P.O. Box 82089, Lincoln, NE 68501-2089 (Tel: 402-471-2201 or Toll Free Hotline: 1-877-564-7323).

**State of New Hampshire.**

Please review the Legal Action Against Us condition of your policy as it contains important information about the period of time in which you may bring legal action. In addition, please be aware that any action based upon a denial of coverage shall be barred by law if not commenced within 12 months from the date of our written denial of coverage.

The State of New Hampshire requires us to provide the following information.

**We will, of course, be available to you to discuss the position we have taken. You may reach us toll free at 1-877-872-8228. If you are a New Hampshire resident; if your policy insures property located in New Hampshire; or if you have been injured/your property has been damaged by a New Hampshire resident and you wish to take this matter up with the New Hampshire Insurance Department, it maintains a consumer services division to assist consumers with complaints at 21 South Fruit Street, Suite 14, Concord, NH, 03301. The New Hampshire Insurance Department can be reached, toll free, by dialing 1-800-852-3416.**

**New Jersey**

The State of New Jersey requires us to provide the following information.

**NOTICE  
CLAIMS INTERNAL APPEAL PROCEDURE**

**THE FOLLOWING APPEAL PROCEDURE IS AVAILABLE FOR ALL CLAIMS  
EXCEPT  
AUTOMOBILE INSURANCE PERSONAL INJURY CLAIMS**

New Jersey law and regulation provides claimants with the right to appeal disputed insurance claims when the “final” offered claim settlement remains unacceptable to the claimant. A disputed insurance claim is any offer of settlement made by the company which is, in whole or in part, rejected or refused by the claimant.

In the event that you wish to appeal a disputed claim, you must submit a written request to the company at the address shown below. All appeals will be rendered within 10 business days from receipt of the appeal provided that no additional information is required of the panel, and a final written determination will be mailed to you no later than 3 business days after the final determination is made.

Internal appeals must be sent by United Postal Service, via facsimile transmission or delivered personally to the following address to ensure prompt and accurate handling:

Travelers  
Attn: Internal Appeals Panel  
PO Box 430  
Buffalo, NY 14240-0430  
Fax: 888-256-3308

Your request must include the basis on which you believe the final offered claim settlement is unacceptable and include all supporting documentation you would like reviewed by the company's Internal Appeals Panel prior to rendering their determination.

After the hearing, if you are not satisfied with the final determination rendered by the Internal Appeals Panel, you may then appeal the decision to the Office of the Insurance Claims Ombudsman at the address below:

Office of the Insurance Claims Ombudsman  
Department of Banking and Insurance  
P.O. Box 472  
Trenton, New Jersey 08625-0472  
Telephone: (800) 446-7467  
Telefax: (609) 292-2431  
E-mail: Ombudsman@dobi.state.nj.us



## **New York**

Please note, your policy contains a suit limitation period of two years from the date of the loss in which to file suit regarding this claim.

The State of New York requires us to provide the following information.

**“Should you wish to take this matter up with the New York State Department of Financial Services, you may file with the Department either on its website at <http://www.dfs.ny.gov/consumer/fileacomplaint.htm> or you may write to or visit the Consumer Assistance Unit, Financial Frauds and Consumer Protection Division, New York State Department of Financial Services, at: One State Street, New York, NY 10004; One Commerce Plaza, Albany, NY 12257; 1399 Franklin Avenue, Garden City, NY 11530; or Walter J. Mahoney Office Building, 65 Court Street, Buffalo, NY 14202.”**

## **Rhode Island**

The State of Rhode Island requires us to provide the following information:

We will be available to you to discuss the position we have taken. Should you, however, wish to contact the Rhode Island Department of Business Regulation, you may do so at the address listed below. In certain limited circumstances the Department may have jurisdiction pursuant to R.I. Gen. Laws. § 27-9.1-6 and therefore, you may be able to have the matter reviewed by the Department. The Department of Business Regulation does not have authority to settle or arbitrate claims, determine liability or order an Insurer to pay a claim. Rhode Island Department of Business Regulation, Insurance Division, 1511 Pontiac Avenue, Cranston, RI 02920. The Rhode Island Department of Business Regulation, Insurance Division can be contacted by telephone at (401)462-9520.

## **Vermont**

Please review the Legal Action Against Us condition of your policy as it contains important information about the period of time in which you may bring legal action. In addition, please be aware that any action based upon a denial of coverage shall be barred by law if not started within one year after the occurrence causing loss or damage.

## **West Virginia**

The State of West Virginia requires us to provide the following information.

We will, of course, be available to you to discuss the position we have taken but should you wish to review our decision with the West Virginia Office of the Insurance Commissioner (WVOIC) you can contact them by mail at Consumer Service Division PO Box 50540, Charleston, West Virginia 25305-0540 via their website at <http://www.wvinsurance.gov/> or toll free at 888-879-9842.